

Attachment 1: Description of Emission Reduction Measure Form

Please fill out one form for each emission reduction measure. See instructions in Attachment 2.

Title: Community and Trade

Type of Measure (check all that apply):

- | | |
|---|---|
| <input type="checkbox"/> Direct Regulation | <input checked="" type="checkbox"/> Market-Based Compliance |
| <input type="checkbox"/> Monetary Incentive | <input type="checkbox"/> Non-Monetary Incentive |
| <input type="checkbox"/> Voluntary | <input type="checkbox"/> Alternative Compliance Mechanism |
| <input type="checkbox"/> Other Describe: | |

Responsible Agency: California Air Resources Board; Air Districts

Sector:

- | | |
|---|---|
| <input type="checkbox"/> Transportation | <input type="checkbox"/> Electricity Generation |
| <input type="checkbox"/> Other Industrial | <input type="checkbox"/> Refineries |
| <input type="checkbox"/> Agriculture | <input type="checkbox"/> Cement |
| <input type="checkbox"/> Sequestration | <input type="checkbox"/> Other Describe: Low-income households and Small |

Businesses

2020 Baseline Emissions Assumed (MMT CO₂E): 150

Percent Reduction in 2020: 10 to 20 percent

Cost-Effectiveness (\$/metric ton CO₂E) in 2020: See Attached

Description: San Francisco Community Power proposes to implement an initiative to enable low income families and small businesses to participate in greenhouse gas and polluting air emissions “cap and trade” and like programs. The initiative’s purpose is to create a cost-effective, dynamic method of reducing emissions from small dispersed sources while simultaneously directing economic resources to hard-pressed communities. The initiative will provide a nationally-replicable basis to address the equity impacts likely to emerge both from climate change and the policies adopted to address the problem; create ongoing access to a currently difficult-to-reach pool of emissions; and provide economic benefits to low income families and small businesses that tend to be subjected to a disproportionate share of polluting activities.

Emission Reduction Calculations and Assumptions: The residential and small commercial sector currently account for 113 Mt/a CO₂ equivalent. Absent focused attention to these sectors emissions are likely to steadily increase.

Cost-Effectiveness Calculation and Assumptions: Unknown, but based on similar efforts in the area of energy and water conservation this is likely to be a cost-effective measure. In addition, it has equity and economic development benefits.

Implementation Barriers and Ways to Overcome Them: Under existing cap and trade and similar market-based policies and proposals small sources – contributed by families and businesses -- such as emissions related to the use of vehicles, equipment (e.g., lawn mowers; leaf blowers), and electrical appliances, are not allowed to participate in trading markets. For example, a community or a neighborhood cannot declare no-drive days, and sell the resulting pollution reductions in the emissions market. This limitation acts to wall off grassroots and individual efforts from obtaining economic gains by doing the right thing.

This initiative can be developed through a series of steps, as follows:

(1) A list of polluting activities will be identified, through existing information developed by air regulators and nonprofits engaged in creating emissions calculators and greenhouse gas and polluting air emission offsets. Particular attention will be paid to small-scale activities typically conducted at the community level (e.g., vehicle and appliance use).

(2) A value will be placed on the different types of emissions (e.g., carbon dioxide, nitrogen oxide, particulate matter), again based on the existing literature and emerging air trading markets. In addition, an “environmental justice” adder could be associated with emission reductions from these sources (i.e., emission reductions from these sources may be worth more, because of the equity and economic benefits, than from other sources).

(3) An emissions baseline will be developed for each participating community. In addition, an auditing strategy will be implemented as a means of verifying emissions reductions. Creating an accurate method of verifying changes in small, dispersed emission sources is critical to the initiative's success.

(3) Available complementary programs, such as energy efficient rebates and vehicle buy-back initiatives, will be inventoried to supplement the emissions “purchases” made under the initiative as a way of maximizing the cost-effectiveness and benefits associated with helping families and small businesses better manage their emissions-producing activities.

(4) The information previously developed will be used as the basis to engage low income communities, including both residents and businesses, in a discussion about the activities that could be undertaken to reduce greenhouse gas and polluting air emissions, and the concomitant economic (and public health) benefits of doing so. These “listening conversations” will also be used to identify the set of activities potential participants would be most likely to engage in; to determine whether cash or in-kind trades is preferred (e.g., dollars per emission reduction; or appliance trade-in

programs); and to decide whether the benefits from emissions trading should be retained by the individual households and businesses engaged in the market, or aggregated and invested in communitywide improvements.

(6) A community-based emission trading market will be launched, including widespread communication of the opportunity to receive cash or in-kind benefits for specific emission-reducing actions. That is, a market will be created, managed, and monitored.

Potential Impact on Criteria and Toxic Pollutants: The initiative is likely to have the ancillary benefit of reducing criteria and toxic pollutant emissions, since these emissions are frequently associated with greenhouse gas emissions in the sectors of interest.

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